

# Apple to Upend In-App Advertising with iOS 14

**ARTICLE** | **OCTOBER 02, 2020**

**Yoram Wurmser**

As much as consumer behavior and the wider economic situation influence the app economy, so do Apple and Google. With their commissions on in-app purchases (IAPs) and subscriptions, and with their rules surrounding data and advertising, they can make or break different monetization strategies. The changes set to take effect in early 2021 under Apple's iOS 14, especially, have upended app monetization.

iOS 14 will make data tracking across apps much more difficult. Upon opening an app, iPhone owners will need to opt into allowing the app to use Apple's Identifier for Advertisers (IDFA), a persistent identity that can be used to track activity across apps—and the pop-up requesting an opt-in must follow Apple's suggested wording closely. Without IDFA, advertisers will have less information with which to target their ads, and they will have less visibility into the activity that results from advertising.

Under iOS 13, iPhone users already have the ability to opt out of IDFA, but this Limit Ad Tracking (LAT) option exists in the operating system settings. According to marketing analytics firm Singular in March this year, over 30% of iPhone users in the US had signed up for LAT. iOS 14 will eventually force all users to make a choice on whether to limit ad tracking or allow it. Industry estimates are that 50% to 95% of users will choose the LAT option, with most estimates in the 85% to 90% range.

Many publishers will not even choose to ask for permission, assuming that the opt-in rate will be low, and that some users will be driven from the platform altogether.

Adikteev, which offers retargeting strategies for apps, ran a test with the Apple pop-up to see how many players of a casual mobile game would agree to tracking and found that up to 73% would opt in, a surprisingly high number. Fewer opted in when first shown a pop-up or interstitial explaining why the game needed it. Although it's one test and, as Adikteev cautioned, similar results may not be found in other types of mobile apps, it could also indicate that industry fears are overblown.

Apple also offers its own tracking solution, albeit a partial solution: SKAdNetwork, which sends aggregated information about app installs via an application program interface (API). Ad networks, publisher apps, and the apps that are advertising for an install all need to sign up to the API. But there are numerous limitations, including delayed notification of conversions (24 to 48 hours), thresholds for conversions before notifications kick in, and limited campaign parameters, which greatly reduce the granularity of campaign performance. Above all, SKAdNetwork sends no personal information.

The changes that Apple is set to introduce could lead to a tectonic shift in the industry. "There are still a lot of details to be worked out on exactly how its systems are going to work in a post-IDFA world," said Alex Austin, co-founder and CEO of Branch Metrics. "But so far, it definitely seems like a very apocalyptic scenario."

To learn more about the trends upending the mobile app economy, eMarketer PRO subscribers can read our recent report:

**Report** by Yoram Wurmser Sep 15, 2020

## App Monetization Trends 2020

